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In the

UNITED STATES SUPREME COURT

October Term, A. D. 1953

No. ———.

HYDE PARK CLOTHES, INC.,
Petitioner,

vs.

HYDE PARK FASHIONS, INC.,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS FOR THE SECOND CIRCUIT AND BRIEF IN SUPPORT THEREOF

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner, Hyde Park Clothes, Inc., respectfully prays the grant of the Writ of Certiorari to the Court of Appeals for the Second Circuit to review the judgment of that Court entered April 30, 1953. A transcript of the record in the case, including the proceedings in said Court of Appeals, is furnished herewith in accordance with the rules of this Court.

Summary Statement of Matter Involved

1. Petitioner, Hyde Park Clothes, Inc., a manufacturer of men's suits and coats, filed its Bill of Complaint in the United States District Court for the Southern District of New York against Hyde Park Fashions, Inc., a manufacturer of women's suits and coats, to enjoin infringement of petitioner's registered trade mark No. 163,111 (Ren.) for the words "Hyde Park" and design for men's suits and its common law trade mark "Hyde Park" for men's suits, coats and other articles of male wearing apparel. The common law trade mark was subsequently registered by the United States Patent Office under the Trade Mark Act of 1946 as Trade Mark Registration 558,494 while the case was pending before the Court of Appeals. In a second cause of action pendent to the action on the registered trade mark, petitioner sought relief for unfair competition. On October 19, 1951, the District Court dismissed the entire complaint without passing separately on the two causes of action asserted. A written opinion was rendered which is reported in 93 USPQ 250.

2. The Court of Appeals for the Second Circuit affirmed the decision of the District Court in a two to one decision, Judge Clark dissenting with a lengthy opinion. The opinion of the Court was announced April 29, 1952, and is reported in 204 F. (2d) 223.

Jurisdicton

Petitioner would invoke the jurisdiction of this Court under 28 USC, Section 1254 (1), to review the decree of the United States Court of Appeals for the Second Circuit, entered April 30, 1953, affirming the decree of the District Court (Southern District of New York), which dismissed

petitioner's complaint. This petition is presented within the time allowed by statute.

Reasons Relied on for Allowance of Writ

1. Petitioner contends and has contended throughout that the unfair competition issues of the case are controlled by State law in accordance with many authorities, including specifically the decision of the Court of Appeals for the Fourth Circuit in *Campbell Soup Co. et al.* v. *Armour & Co.*, 175 F. (2d) 795; the decisions of the Court of Appeals for the Seventh Circuit in *Radio Shack Corp.* v. *Radio Shack, Inc.*, 180 F. (2d) 200, and *Jewel Tea Co., Inc.*, v. *Kraus*, 187 F. (2d) 278; and the decision of the Court of Appeals for the Sixth Circuit in *Grocers Baking Co.* v. *Sigler*, 132 F. (2d) 498. Here, the District Court found expressly that all of the issues were governed by Federal law. The Court of Appeals refused to pass on the point, although it made the following observation:

> "Judge Clark is of opinion that because of the Lanham Act federal law controls, but a majority of the court thinks that a decision as to which law should be applied is unnecessary since in our opinion the application of either federal or state law requires affirmance."

Petitioner contends that in New York State there is a significant difference in the law of unfair competition in the State and Federal Courts, particularly as it concerns confusion of source and dilution of good will, and that the State law alone should have been considered.

Petitioner specifically contends that the decision here is directly contrary to the decision of the Court of Appeals for the Seventh Circuit in *Jewel Tea Co. Inc.* v. *Kraus*, 187

F. (2d) 278, and the decision of the Court of Appeals for the Sixth Circuit in *Grocers Baking Co.* v. *Sigler,* 132 F. (2d) 498.

2. The decision of the Court of Appeals in this case is directly contrary to the recent decisions of the same Court in *Miles Shoes, Inc.* v. *R. H. Macy & Co.,* 199 F. (2d) 602 (Cert. Den. 345 U.S. 909, 73 S.Ct. 650); *Pastificio Spiga Societa per Azioni* v. *De Martini Macaroni Co.,* 200 F. (2d) 325; and *Admiral Corp.* v. *Penco, Inc.,* 203 F. (2d) 517. It is also clearly in conflict with the earlier and classical decisions of the same Court in such cases as *Aunt Jemima Mills Co.* v. *Rigney & Co.,* 247 F. 407; *Yale Electric Corp.* v. *Robertson,* 26 F. (2d) 972; *Standard Brands* v. *Smidler,* 151 F. (2d) 34; and *Triangle Publications* v. *Rohrlich,* 167 F. (2d) 969. As strongly emphasized in Judge Clark's dissenting opinion, the law of the Second Circuit is confused to a point where the outcome of any close litigation is completely unpredictable. Clarification by this Court is essentially required.

3. The decision of the Court of Appeals completely ignores the principle of dilution of good will in cases of unfair competition and in this respect, is clearly contrary to the New York law and, to the principles annunciated in *Restatement of the Law of Torts.* See particularly the comment on Sections 730 and 731, portions of which will be quoted in our ensuing brief.

4. Because of the nature of the issues and because on the theory of the case adopted by the District Court and by the Court of Appeals the Trade Mark Act of 1946 is directly involved, this case involves matters of great public interest. As stated in Judge Clark's dissenting opinion:

> "For after all, this problem concerns nationwide business and industry; and any attempt to

> untwine the inextricably intermeshed elements of trade mark infringement and unfair competition is to transfer the case out of the realm of business practicalities and into that of legal dialectics."

The decision of the Court of Appeals in this case establishes a precedent which is bound to have an important and, we believe, damaging effect on business morality generally. For reasons of precedent alone the Writ should be allowed.

BRIEF IN SUPPORT OF PETITION

Statement

Petitioner is a large manufacturer of men's suits and coats and other articles of male apparel. It has been in business since about 1916 and has used the trade mark "Hyde Park" for its goods since about 1922. The trade mark is a basic one which is used on all except a very small fraction of petitioner's products. With minor exceptions, petitioner employs no other trade mark. Business is conducted on a nationwide basis through department stores and men's specialty shops. Petitioner's products are sold in what might be termed an upper middle price bracket. Advertising has been continuous and reasonably extensive.

Respondent has been in business since 1945 in the manufacture of women's suits and coats. It has used the trade mark "Hyde Park" continuously since that time for all of its products. Its business likewise is nationwide and is reasonably substantial, although only approximately one-fifth of that of petitioner. Respondent's clothing is priced below that of petitioner. Respondent's advertising has been extensive and in magazines of national circulation.

Petitioner and respondent are not in direct competition in the ordinary sense. There was, however, substantial evidence that many clothing manufacturers, both large and small, manufacture both men's suits and coats and women's suits and coats and sell them under the same trade mark and at the same, or approximately the same, price. Petitioner believes that it is damaged by respondent's use of the same identical trade mark:

a) Because of the price differential which will cause many persons to think that petitioner's garments are overpriced.

b) Because of the likelihood of confusion of source between its garments and those of respondent.

c) Because of the general dilution of its good will by the use by another of the same trade mark on closely related goods, and

d) Because petitioner may some day wish to enter the women's garment field. It has the facilities for doing this without major changes in its equipment or personnel.

Specification of Errors

The Court of Appeals for the Second Circuit erred:

1) In refusing to apply specifically the law of the State of New York and in refusing to recognize a difference between the law of the State of New York and the Federal law, particularly as applied to confusion of source and dilution of good will.

2) In failing to find that the respondent was guilty of unfair competition toward the petitioner.

3) In dismissing the petitioner's complaint.

Reasons for Granting a Writ

1. THE LAW OF THE STATE OF NEW YORK SHOULD HAVE BEEN FOLLOWED AND AS APPLIED TO THE ISSUES HERE DIFFERS FROM THE FEDERAL LAW

The decision of the Court of Appeals in refusing to apply State law as contrasted to Federal law is clearly contrary to the decisions of the Court of Appeals for the Seventh Circuit in *Jewel Tea Co., Inc.*, v. *Kraus,* 187 F. (2d) 278, and the Court of Appeals for the Sixth Circuit in *Grocer's Baking Co.* v. *Sigler,* 132 F. (2d) 498, on facts which in one case are identical and in the other substantially so.

In all three cases there were causes of action for unfair competition pendent to causes of action on federally registered trade marks. In *Grocer's Baking Co.* v. *Sigler* the District Court dismissed the entire complaint. The Court of Appeals affirmed the dismissal of the action on the registered trade mark but reversed on the action for unfair competition. The Court found specifically that the issues of the cause of action for unfair competition were governed by State law and applied this law.

In *Jewel Tea Co., Inc.* v. *Kraus* the District Court dismissed the cause of action on the trade mark because there was no showing of interstate use by the defendant but granted relief for unfair competition. The defendant appealed, and the Court of Appeals affirmed with modifications, specifically applying State law.

In this case, in the trial before the District Court, petitioner emphasized its cause of action for unfair competition throughout and subordinated its case on the registered trade mark. The District Court dismissed the complaint without distinguishing between the two causes of action. Before

the Court of Appeals, however, petitioner formally waived its cause of action on the registered trade mark and sought relief for unfair competition alone. If this waiver is considered effective to eliminate the cause of action on the registered trade mark, then the case is indistinguishable from *Jewel Tea Co., Inc.* v. *Kraus.* If the waiver was not effectual and the cause of action remained before the Court of Appeals, then it is indistinguishable from *Grocer's Baking Co.* v. *Sigler.*

While some authorities have indicated that the Trade Mark Act of 1946 overrides the application of The Erie-Tompkins doctrine to causes of action for unfair competition pendent to causes of actions for trade mark infringement; see particularly Judge Sweeney's scholarly opinion in *Bulova Watch Co.* v. *Stolzberg* 69 F. Supp 543, it is noteworthy that *Jewel Tea Co., Inc.* v. *Kraus* was decided after the effective date of the act. Even before the effective date of the act the issue of the application of State law was sufficiently controversial that this Court granted certiorari in *Pecheur Lozenge Co., Inc.* v. *National Candy Co., Inc.,* 315 U.S. 666 only to find that the facts of the case did not properly present the issue.

It is petitioner's specific contention on this point that the majority of the Court of Appeals erred when it reached the conclusion that it was immaterial whether it applied State law or Federal law. If the State law was applicable and if it is different from the Federal law, the majority could not help but be influenced by the Federal decisions, whereas petitioner contends that these decisions should have been ignored.

A long line of cases in the New York Courts establish beyond the possibility of argument that there can be confusion of source justifying an injunction even where the

parties are not in competition, where there is no particular likelihood that one will "stain" the reputation of another, and where the moving party has evidenced no intention of entering his rivals field. Noteworthy among these are *Long's Hat Stores Corp.* v. *Long's Clothes, Inc.*, 224 App. Div. 497, 231 NYS 107; *John Forsythe Co.* v. *Forsythe Shoe Corp.*, 234 App. Div. 355, 254 NYS 584, modified 259 N.Y. 248 and *Tiffany & Co.* v. *Tiffany Productions, Inc.*, 147 Misc. 679, 260 NYS 823, aff'd 262 N. Y. 482. The lower Court decision in *Time, Inc.* v. *Life Color Laboratory, Inc.*, 107 N.Y.S. 2d 957 aff'd 303 N.Y. 965 referred to in the majority opinion was cited below by petitioner only because it was a very recent case. It is a trade name case rather than a trade mark case. Relief was refused by the reviewing courts on very extreme facts and the decision in no way changes the New York rule or purports to overrule the *Long, Forsythe* and *Tiffany cases.*

2. THE SHARP DIVERGENCE OF VIEWS BETWEEN THE SEVERAL JUDGES OF THE COURT OF APPEALS FOR THE SECOND CIRCUIT REQUIRES A CLARIFICATION FOR THE BENEFIT OF LITIGANTS AND THE PUBLIC GENERALLY

The opening remarks in Judge Clark's dissenting opinion state this issue as well as it can be stated. For convenience these are here quoted:

> "Plaintiff-appellant has had the misfortune — so it seems to me — to come before a panel of this court allergic to the doctrine historically associated with us becaue of its nurture by our most illustrious judges of protecting trade names against competition which will create confusion as to the source of goods sold under such names. The chance of the assignment calendar which has so

operated against plaintiff might as easily have brought it success, to judge by the three most recent cases on this issue before us, the unanimous decision in each instance — two in fact reversing decisions below — of another panel. Miles Shoes, Inc. v. R. H. Macy & Co., 2 Cir., 199 F. 2d 602 [95 USPQ 170], certiorari denied 345 U.S. 909, 73 S.Ct. 650 [96 USPQ 457]; Pastificio Spiga Societa per Azioni v. De Martini Macaroni Co., 2 Cir., 200 F.2d 325 [95 USPQ 305]; Admiral Corp. v. Penco, Inc., 2 Cir., April 1, 1953 [97 USPQ 241]. These cases all present the issue of confusion as to source, but to my mind no more and even perhaps less sharply than does this. And many earlier cases may be cited, ranging from the settled view disclosed in Aunt Jemima Mills Co. v. Rigney & Co., 2 Cir., 247 F. 407, certiorari denied 245 U.S. 672, and Landers Frary & Clark v. Universal Cooler Corp., 2 Cir., 85 F.2d 46 [30 USPQ 248], through the holding, somewhat questioned, it is true, in the concurrence, of Standard Brands v. Smidler, 2 Cir., 151 F.2d 34 [66 USPQ 337]; to the majority decisions in such striking cases as La Touraine Coffee Co. v. Lorraine Coffee Co., 2 Cir., 157 F.2d 115 [70 USPQ 429], certiorari denied 329 U.S. 771 [71 USPQ 328], and Triangle Publications v. Rohrlich, 2 Cir., 167 F.2d 969 [77 USPQ 196].

The schism between the various judges of the Court of Appeals for the second circuit has existed for a number of years and has been apparent in other decisions. In addition to those cited, by Judge Clark, see *Best & Co., Inc.*, v. *Miller* 167 F. (2d) 374. A similar schism exists in the ninth circuit. On this, contrast the opinions of the Court in *Sunbeam Lighting Co.* v. *Sunbeam Corp.* 183 F. (2d) 969 and *Sunbeam Furniture Corp.* v. *Sunbeam Corp.* 191 F. (2d) 141 on one hand with the opinions of different

panels of the same Court in *Stork Restaurant Inc.* v. *Sahati, et al.,* 166 F. (2d) 348 and *Safeway Stores, Inc.* v. *Dunnell,* 172 F. (2d) 649. See also the commentary on these cases in Pattishall "Trade-Marks and the Mononoly Phobia" 50 Mich. Law Rev. 967 (973-4).

It is interesting also to contrast the views of the very distinguished Judge Learned Hand in *S. C. Johnson & Son, Inc.* v. *Johnson et al* 175 F. (2d) 176 with his earlier views as expressed in *Adolph Kastor and Bros.* v. *Federal Trade Commission* 138 F. (2d) 824 at 825 where in referring to the use of the common word "scout" on a knife and the interest in protecting it he said:

> "That interest the law will protect against an opposing interest no greater than that of all persons in the use of common speech. We have again and again decided, in cases where a merchant's mark has been used upon goods which he does not in fact sell, but may be thought to be selling, that he may stop the use. No one need expose his reputation to the trade practices of another even though he can show no precuniary loss." (Quoted in footnote 42 at page 461 in Brooks Bros. v. Brooks Clothing of California, Limited, 60 F. Supp. 442, adopted and affirmed by this Court, 158 F. 2d 798)

This divergence of views between different panels of the same Court is a very serious matter to litigants because it is absolutely impossible to forecast the outcome of any particular case in either the second or the ninth circuit. It is equally impossible for attorneys to advise their clients as to their rights. Unquestionably the situation has tended greatly to increase the already heavy volume of litigation in these circuits in the field of trade mark infringement and unfair competition.

3. The Opinion of the Court of Appeals Ignores the Element of Dilution of Good Will and is Contrary to the Restatement of The Law of Torts

All of the textwriters are agreed that dilution of good will is a proper grounds for an injunction in an unfair competition case, and that in a proper case it may be the sole element of damage. Many of the earlier cases were to this effect, see for example, *Adolph Kastor* v. *Federal Trade Commission, Supra.* The principle was set out as the existing law and specifically applied to the clothing industry in *The Restatement Of The Law Of Torts.* See the comment on Section 730 which reads as follows:

> "Thus, A who begins to sell suits under a designation like that of B who sells only overcoats does not hope that persons desiring to buy B's coats will buy A's suits under the mistaken belief that they are B's coats. Diversion of trade to himself from B is not A's purpose or the necessary effect of his conduct. Yet his conduct may cause B the same harm that is caused by such diversion. Persons previously satisfied with B's coats might have an unsatisfactory experience with A's suits and cease to buy the coats because of the mistaken belief that B is responsible for both. Or, persons who have had no previous experience with B's coats might for the same reason never acquire such an experience. The loss of trade caused to B by A's conduct is equally harmful whether the trade goes to B or to third persons. One's interest in a trade mark or trade name came to be protected against simulation, therefore, not only on competing goods, but on goods so related in the market to those on which the trade mark is used that the good, or ill repute of the one type of goods is likely to be visited upon the other. Thus one's in-

> terest in a trade mark or trade name is protected against being subjected to the hazards of another's business."

In this case the District Court and the Court below completely ignored the dilution principle and in effect repudiated its existence. However, this same principle was expressly approved by the New York Courts in *Tiffany and Co.* v. *Tiffany Productions, Inc., Supra.* which cited with approval the statement of Schechter in *"The Rational Basis of Trade Mark Protection"* 40 Harv. Law Rev. 813 as follows:

> "The history of important trade mark litigation within recent years shows that the use of similar marks on non-competing goods is perhaps the normal rather than the exceptional case of infringement. The real injury in all such cases can only be guaged in the light of what has been said concerning the function of a trade mark. It is the gradual whittling away or dispersion of the identity or hold upon the public mind of the mark or name by its use upon non-competing goods."

This dilution concept is a matter on which this Court has never expressly passed. In one form or another, it is an issue in almost every action for trade mark infringement and unfair competition. The issue is flatly presented in the present case. Clarification and decision is urgently required.

4. DID THE TRADE MARK ACT OF 1946 ESTABLISH A FEDERAL LAW OF UNFAIR COMPETITION?

As indicated previously despite the fact that petitioner's trade mark "Hyde Park" alone, for suits, coats and other articles of male wearing apparel, was granted registration by the Patent Office on the Principal Register under the Trade Mark Act of 1946 while the case was pending before the Court of Appeals, petitioner has taken the position that this act has no direct application to the issues of this case. However, the District Court stated flatly that it believed that the Trade Mark Act of 1946 did apply, and the Court of Appeals, in effect at least, approved the District Court's finding. In at least two other decisions the Court of Appeals for the Second Circuit has expressed the general view that the Trade Mark Act of 1946 established a uniform Federal trade mark law. See *S. C. Johnson and Son, Inc.* v. *Johnson, supra, and Dad's Root Beer Co.* v. *Doc's Beverages Inc. et al,* 193 F. (2d) 77. If petitioner's primary contentions are wrong and the Trade Mark Act of 1946 does apply, then there is cogent additional reason for allowance of the Writ of Certiorari.

This Court has not as yet interpreted any of the more controversial provisions of the Trade Mark Act of 1946, although it has frequently been urged so to do. See, for example, Lunsford, Va. Law Rev., Volume 35, page 214 (229), *"Trade Mark Infringement and Confusion of Source: Need for Supreme Court Action"*. While it has often been said that the Trade Mark Act of 1946 indicated an intention by Congress to establish a uniform Federal trade mark law, it has also been said, and can be urged very vigorously, that it was the intention of Congress to put "teeth" into trade marks and to strengthen the whole

law of unfair competition. The whole question is a complex one which cannot adequately be discussed here. Suffice to say that, as applied to related goods, Congress certainly intended some sort of definite change when it superseded the 1905 Act related goods test "goods of the same descriptive properties" with the test "likely . . . . . to cause confusion or mistake or to deceive purchasers".

The present case contains all of the elements for an appropriate pronouncement on the general scope of the Trade Mark Act of 1946; whether it did or did not establish a Federal law of unfair competition, and if it did, what that law is as applied to the facts of the present case. Petitioner does not by any means concede that the decision of the Court of Appeals was correct even if the Federal law is applied.

The subject of related goods generally is one which is of great public interest at the present time. Business has expanded to a point where, except in isolated fields, there is almost no such thing as a local business. Almost all large companies have expanded their lines, in many cases to products quite unrelated to those on which reputations and trade marks were originally predicated. Note, for example, the activities of General Mills in the field of electrical appliances and the extension by General Motors of the trade mark "Frigidaire" from freezing units to washing machines and other household appliances. All of these changes have created numerous and involved trade mark problems. Many of them involve the subject of related goods. A clear expression of the existing law by this Court would be of incalculable benefit not only to attorneys and their clients but to the public generally. The confusion presently existing is intolerable. The facts of this case provide an appropriate opportunity for Supreme Court action.

Conclusion

Within the space permitted in a petition of this type, it has not been possible to do any more than suggest the nature of the issues and the extent of the conflict of opinion with respect to them. The need for some final determination of the principles of the law of unfair competition under the Trade Mark Act of 1946 is clearly evident, and if not met in this case, must be met in some future case. Petitioner firmly believes that the decision of the Court of Appeals is erroneous, that it represents a backward step in the law of unfair competition, and that far from discouraging monopoly as indicated in the District Court opinion, it will encourage business immorality.

Respectfully,

TRUMAN A. HERRON,
Counsel for Petitioner.

Nos. 208

September 14, 1953

Hon. Harold B. Willey
Office of the Clerk
Supreme Court of the United States
Washington 13, D. C.

RE: Hyde Park Clothes, Inc.
vs.
Hyde Park Fashions, Inc.

Sir:

I have just received a copy of the Respondent's Brief In Opposition To A Petition For A Writ of Certiorari in the above case. While I appreciate that the Supreme Court rules do not contemplate the filing of a reply memorandum on behalf of the petitioner, there is a misstatement of fact in respondent's brief which has such a direct bearing on the issues presented by the Petition for Certiorari that I consider that it is essential that it be called to the attention of the court.

Commencing on Page 8 of respondent's brief, under the subheading, "There is no Schism in the Court of Appeals", respondent's attorney attempts to develop the argument that the decision in this case was rendered by two of the three judges who also decided Miles Shoes Inc., v. R. H. Macy & Co., 199 F. 2d. 602; Pastificio Spiga Societa per Azioni v. De Martini Macaroni Co., 200 F 2d. 325; and Admiral Corp. v. Penco., Inc., 97 U.S.P.Q. 24, (erroneously cited by respondent as 97 U.S.P.Q. 241 and now reported in 203 F 2d. 518). Respondent's attorney states at three different points on Pages 8-9 of his brief that

Judge Chase was one of participating judges in this case, as he was in the three cases above cited. This is absolutely incorrect. The panel of judges which decided this case was composed of Judges Swan, Frank, and Clark, with Judge Swan writing the opinion. The panel of judges which decided the three cases above cited was composed of Judges Augustus Hand, Chase and Clark.

In substance, as Judge Clark so clearly points out in his dissenting opinion, he and Judge Chase are of one school of thought, to which Judge Hand also adhered prior to his retirement. Judges Swan and Frank are of a totally different school of thought. Even in view of the retirement of Judges Learned Hand, Augustus Hand, and Swan, there is still a direct conflict of judicial philosophy between the judges who have been on the court for some time. If for no other reason, this conflict should be resolved for the benefit of the new appointees.

I am sending copies of this letter to the attorneys for the respondent and would greatly appreciate if you would call the substance thereof to the attention of the court.

Sincerely yours,

Truman A. Herron

TAH/ph

CC: Mr. Harold L. Lipton
11 West 42nd Street
New York, New York

Mr. Oscar Levine
165 Broadway
New York, New York

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Office - Supreme Court, U. S.
FILED
SEP 10 1953
HAROLD B. WILLEY, Clerk

IN THE

Supreme Court of the United States

OCTOBER TERM A. D. 1953.

No. 208

HYDE PARK CLOTHES, INC.,
Petitioner,

—against—

HYDE PARK FASHIONS, INC.,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO A PETITION FOR A WRIT OF CERTIORARI.

HAROLD L. LIPTON,
Counsel for Respondent.

OSCAR LEVINE,
On the Brief.

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IN THE

Supreme Court of the United States

OCTOBER TERM A. D. 1953.

No. 208

HYDE PARK CLOTHES, INC.,

Petitioner,

—against—

HYDE PARK FASHIONS, INC.,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO A PETITION FOR A WRIT OF CERTIORARI.

STATEMENT.

The petitioner seeks a Writ of Certiorari to review the judgment of the Court of Appeals for the Second Circuit which in a two to one decision affirmed the decision of the District Court (Judge Leibell).

The record of the trial is voluminous and contains the complete testimony of a great number of witnesses and a tremendous quantity of exhibits. In the appeal to the Court of Appeals the petitioner (appellant) printed a small portion of the testimony and the exhibits deemed most favorable to it identified as "Appendix to Appellant's Brief." This appendix is the only portion of the record certified to this Court. However, Judge Leibell's opinion and his findings of fact and the conclusions of law may be found in the "Appendix to Appellant's Brief" at pages 3-34 inclusive.

POINT I.

THE SAME RESULT WOULD OBTAIN FROM THE APPLICATION OF EITHER FEDERAL OR NEW YORK STATE LAW.

The petitioner bottoms its application for a Writ primarily on the specification of error that the Law of the State of New York should have been followed and as applied to the facts it differs from the Federal Law. In its brief to the Court of Appeals the petitioner generally conceded the correctness of the Findings of Fact which had been made by the Trial Judge. It formally waived its cause of action on the registered trade mark and sought relief for unfair competition alone and urged that New York State law and decision control.

Recognizing that on the factual proof and the findings it had little or no chance of success under the referable Federal law and decisions it sought to bring itself within the case of *Jewel Tea Co., Inc.* v. *Kraus,* 187 F. 2d 278. There the District Court had dismissed the cause of action on the trade mark since there was no showing of interstate use by the defendant and the Appeal Court ruled that the case of unfair competition was governed by the State Law which it discussed and applied. In our case both the respondent and the petitioner are engaged on a national basis and the Trial Judge on the merits found that the defendant did not "infringe the plaintiff's registered or common law trade mark" (conclusion of law V, page 34, "Appendix to Appellant's Brief"). While the determination in *Jewel Tea Co., Inc.* v. *Kraus* was made after the effective date of the Trade Mark Act of 1946 it quoted and took guidance from this Court's decision in *Pecheur Lozenge Co., Inc.* v. *National Candy Co., Inc.*, 315 U. S. 666, which was decided in 1942 before the Lanham Act.

The respondent suggests it is provincial to exclusively apply the Laws of the State of New York where—as here—

the parties are engaged on a national scale and sell their products in every state of the Union. Congress too by the Trade Mark Act of 1946 recognized that many businesses had developed into national proportions. It is incongruous to be judicially confined to the level of State law while businesses and the litigants are engaged on a national or Federal level. If the petitioner's theory were correct then the application of the law indigenous to any one of the forty-eight states would be left to the fortuitous chance of the location of the principal office of the defendant or it would afford the plaintiff the choice of the most favorable law through the simple expedient of its selection of the situs of the action. It would therefore seem that except in intra-state business there is congressional expression which sets up general ground rules regulating trade marks and unfair competition in the area of interstate commerce and trade. A priori, the application of Federal law and decisions would make for greater clarity, uniformity and equity and as a corollary bring the issues in clearer focus and lessen the confusion.

Judge Leibell in his opinion under the subheading *The Applicable Law* covered this subject in great detail and requires no embellishment here. This portion of his opinion may be found on pages 5-10 of the "Appendix to Appellant's Brief". Both Judge Leibell and Judge Clark are of the opinion that in this case the Federal law is controlling. The affirming opinion in the Court of Appeals after reviewing both the Federal and the New York State decisions made the following observations:

> "Judge Clark is of the opinion that because of the Lanham Act Federal law controls, but a majority of the Court thinks that a decision as to which law should be applied is unnecessary since in our opinion the application of either Federal or State law requires affirmance."

The respondent fully subscribes to that statement.

The petitioner now and in the Courts below emphasizes the following New York State decisions.

> *Long Hat Stores* v. *Long Clothiers, Inc.*, 224 App. Div. 497;
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> *John Forsythe Co., Inc.* v. *John Forsythe Shoe Corp.*, 234 App. Div. 355, affirmed 259 N. Y. 248;
>
> *Tiffany & Co.* v. *Tiffany Products, Inc.*, 237 App. Div. 801, affirmed 262 N. Y. 482.

These cases must be read in the light of the fact that in each there was found present one or more of the following factors: piracy of name; simulation of trade mark designed to palm off defendant's merchandise as that of the plaintiff; free riding by the defendant on the good name and reputation of the plaintiff; deception or business immorality—each calculated to confuse the purchasing public and deceive it into the belief that the defendant's product or commercial station originated with or was identical to the plaintiff.

In the *Long* case, Judge Proskauer found that there was a direct appropriation of the plaintiff's good will through the deception practiced by the defendant and observed at page 108;

> "* * * that in choosing its corporate name it adopted the identical possessive form, 'Long's', which appears in plaintiff's corporate title. The defendant offers no explanation for this remarkable coincidence. The conclusion is irresistible that the defendant is seeking to get the advantage of the trade name and reputation of the plaintiff."

In *John Forsythe Co.* v. *John Forsythe Shoe Corp.*, in discussing the excuse offered by the defendant for adopting the

popular trade name Forsythe owned by the plaintiff, the Court observed:

> "The learned Trial Judge has rejected this excuse and has found in effect that defendant assumed its present corporate title and undertook to use the name 'Forsythe' with knowledge that it had been popularized and used by others as a trade name. Thus we are brought to recognize that it was so taken because defendant believed that it had value in attracting customers."

Idem page 587:

> "In Eastern Construction Co. v. The Eastern Engineering Corp., 246 N. Y. 459, 159 N. E. 397 the name was geographic and had been used by other contracting companies. The competition was in bidding for public work and there was no finding that the name tended to deceive the awarding of the contracts for such work; it was further no inference that defendant had chosen its name to derive a benefit at plaintiff's expense. The situation thus present is in salient features, totally different from the facts shown in this case."

In the *Tiffany* case, there was a specific finding of fact:

> "* * * that defendant over a period of years prior to the institution of this action had advertised in such a way as might suggest to an uninformed public that its moving pictures might have had some connection with the jewelry business of plaintiff. It used a diamond displayed prominently in connection with its name and referred to some of its pictures as 'gems' and used type in its periodical advertising which may be said to simulate plaintiff's."

In its brief before the Court of Appeals, the petitioner particularly underscored *Time, Inc.* v. *The Life Color Laboratory, Inc.*, decided on December 22, 1950 and reported in 198 Misc. 1038 as "the latest pronouncement of the New York Courts on this subject". Here Judge Nathan in the New York State Supreme Court rendered a judgment adverse to the defendant with an accompanying opinion in which he indicated that he was most reluctant to arrive at his determination but felt constrained to do so because the law of unfair competition required it. It is notable that to support the result he did not quote a single New York decision but relied exclusively upon his understanding of the intendment of the majority opinion in *Triangle Publications, Inc.* v. *The Rohrlich*, 73 Fed. Supp. 74 (S. D., N. Y.). So we find the anomaly of a New York Supreme Court judge unwillingly granting an injunction under the compulsion of a Federal decision. This poignantly demonstrates the strong influence of Federal decisions upon the New York State Court. More in keeping with our discussion however is the fact that the Appellate Division of the Supreme Court of New York State reversed the judgment of Judge Nathan (279 App. Div. 51) and the reversal was affirmed by the highest Court in New York State reported in 303 N. Y. 965.

The rule in New York State is identical with the rule in the Federal decisions. A careful analysis of all cases in the Federal Courts which elaborate the "Aunt Jemima doctrine" will show that they contain a striking element of infringement and deliberate palming off of one maker's product for another. Underlying practically all the cases where practices amounting to unfair competition have been restrained we find the passing off of the goods of one manufacturer as those of a competitor to the deception of the purchaser and the damage of the competitor. The same rule, evaluation and formula are adopted and followed by the Courts of the State of New York.

In an adjudication on trade marks in which the New York Court of Appeals spoke directly *Eastern Construction Co.* v. *Eastern Engineering Co.* 246 N. Y. 457 (1927) at page 464, it was said this way:

> "Judicial interpretation will depend on the facts proved and found in each case. The test is whether resemblance is calculated to confusion as to identity and subsequent damage."

On page 462:

> "Justification if any for the injunction must rest upon a finding that the corporate name which the defendant has adopted * * * is so similar * * * that the subject may be confused and that some person may be doing business with a defendant in the belief that they (sic) are dealing with the plaintiff."

The plaintiff in the construction business could not enjoin the defendant in the engineering end of the industry from using the word "Eastern" as a trade mark.

> *Wholesale Service Supply Corporation* v. *Wholesale Building Materials Corporation*, 280 App. Div. 89 (although in direct competition, injunction denied);
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> *Dress Circle, Inc.* v. *Franklin Simon* (Dress Circle), 174 Misc. 176 (both sell ladies' dresses, injunction denied).

In *Nera-Wet Corp.* v. *Nera Wet Processing Corp.*, 277 N. Y. 163, although question of first usage was involved, elements of pirating, fraud and deception are discussed by the Court and it observed that the purpose of the equity court was not "to interfere with freedom of conduct of trade and general business competition but only to restrain fraud and imposture".

It is now evident that under the findings of fact in our case the determination under either the Federal or State law must be resolved in respondent's favor. It would appear to be a serious error to grant a Writ of Certiorari for the sole purpose of deciding if under the Lanham Act of 1946 the Federal law is exclusively controlling where under the factual circumstances in attendance in this case the same result obtains under either Federal or State law. If as the petitioner maintains it is vital and important for the United States Supreme Court to speak on the question of whether Federal or State law controls this case is certainly not an appropriate vehicle and any decision here would create confusion instead of lending clarity.

POINT II.

THERE IS NO SCHISM IN THE COURT OF APPEALS.

The petitioner offers the hypothesis that there is a sharp divergence of views among the judges of the Court of Appeals of the Second Circuit. Borrowing from the dissenting opinion of Judge Clark it characterizes the difference of views as a *schism* which commands the United States Supreme Court to assuage for the benefit of litigants and the public generally. The petitioner professes to be a votary of unanimity and decries the seeming differences in views of judges. When the right of personal opinion abdicates in favor of the philosophy of conformity then not only will our judiciary disintegrate but so will the very core of democracy.

It will be noted that Judge Clark did not accord the record the same favorable view as Judge Leibell—the trier of the issues—or as did Judge Chase and Judge Frank, his associates in the Court of Appeals. Judge Clark frankly stated that it was his estimate that a different result would have obtained were the Court of Appeals composed of different Judges. Apposite to that opinion he cited decisions in the

Court of Appeals where the panel and the results were different.

> *Miles Shoes, Inc.* v. *R. H. Macy & Co.*, 2 Cir., 199 F. 2d 602 (95 U. S. P. Q. 170), certiorari denied 345 U. S. 909, 73 S. Ct. 650 (96 U. S. P. Q. 457);
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> *Pastificio Spiga Societa per Azioni* v. *De Martini Macaroni Co.*, 2 Cir., 200 F. 2d 325 (95 U. S. P. Q. 305);
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> *Admiral Corp.* v. *Penco, Inc.*, 2 Cir., April 1, 1953 (97 U. S. P. Q. 241).

It is interesting to note that the panel deciding these cases was composed of Judges Hand, Chase and Clark. Except for Judge Hand—now retired—the panel was identical with the panel that heard this appeal. It is significant that the opinions in the cases cited by the majority in the Court of Appeals and strongly relied upon by Judge Leibell were written by Judge Hand. When Judge Clark in his dissenting opinion commented *"that the Appellate Court is allergic to the doctrines historically associated with us because of its nurture by our most illustrious Judges of protecting trade names against competition which will create confusion as to the source of goods sold under such names"* he alludes to the doctrine first offered by Judge Hand and now known as the *Hand Doctrine.* Yet we find Judge Hand in perfect agreement with Judge Clark and Judge Chase in the three cases cited *supra.* Why? The reason is poignantly clear. All these cases have proved elements of imposture, piracy and deception all designed to at once ride on the good reputation and established prestige of a name and confuse the public as to the source of the product.

In *Admiral Corp.* v. *Penco, Inc.*, the defendant's conduct was found to be so flagrant that an extra award for attorney's fees was granted the plaintiff. In *Miles Shoes, Inc.* v. *R. H.*

Macy & Co., confusion of the public as to the source was found as a matter of fact. In *Pastificio Spiga Societa per Azioni* v. *De Martini Macaroni Co.*, the piracy was so palpable that the only differentiation in the use of an unusual name was in the spacing and the capitalization of the identical letters S P I G A.

As diametrically opposite observe the findings of fact made by Judge Leibell at pages 19-33 in the "Appendix to Appellant's Brief". Observe how these findings and his opinion eliminate and rule out the faintest suggestion of the deleterious elements found in the three cases cited by Judge Clark. It is a fair hypothesis that in our case—assuming that Judge Hand were sitting instead of Judge Clark—a unanimous affirmance would have resulted.

It has been held as a finding of fact that in adopting the name Hyde Park as part of its trade mark the respondent did not even know of the existence of the petitioner and the respondent's trade mark is entirely dissimilar. The respondent's advertising and method of merchandising are based in a large measure on a patented feature in the skirt manufactured by it and exploited under the name *Drum*. In 1946—the first full year the respondent was in business—it spent for advertising an amount almost equal to the amount spent by the petitioner in the same year. Respondent's advertising was tremendously increased when it is considered that its franchised accounts—by franchise requirements—extensively advertised respondent's product in the important newspapers in the largest cities throughout the United States.

There is no evidence in this case that the respondent's name was an important factor in the field in 1945 when the respondent started its business and the Court below has so found (Finding 26). In point of fact, the name *Hyde Park* had been used in the men's clothing field by Marshall Field & Company prior to the use of that name by the petitioner's predecessor. Hyde Park had been registered in the United

States Patent Office by the Hyde Park Glove Company and used by it before the use of the name by petitioner's predecessor. The name has since been used in the clothing field by Spiegel, Inc., a large mail order house, in relation to men's shirts. It was used and registered as a trade mark by Manford Neckwear Company for cravats and by R. H. Macy & Co., for radios and televisions. Hyde Park is used by a multitude of merchants as their trade name in a multiplicity of businesses throughout the United States and is so listed in the telephone directories in New York City, Chicago, Ill., Denver, Col., Los Angeles, Calif., Cincinnati, Ohio, to name but a few. The name is in use for all sorts of purposes and businesses (Findings 40-41).

The record in this case is entirely clear and uncontroverted and the Court below has so found (Finding 25), that the respondent has established its business as an important segment of the ladies' garment industry on its own merits through advertising and unique merchandising entirely separate and distinct from the petitioner. The record is entirely barren of any suggestion or intimation that the respondent tried to palm off its merchandise as that of the petitioner or that it tried to ride on whatever standing or reputation the petitioner may have had or now has. The testimony of the representatives of some of the largest and most highly regarded department stores, representative of all sectors of the United States and the reaction of the ultimate consumer —the customers of the various stores where the respondent's merchandise is sold—leaves no doubt in anyone's mind that there is no confusion as to the source of the respondent's product (Findings 31-35, 42-45).

CONCLUSION.

There is nothing presented by the petitioner to warrant the granting of the Writ to review the prior determinations. The proof in this case, reflected in the findings of the Trial Judge, is so overwhelmingly in the respondent's favor that

in any Court of equity be it Federal or State the respondent would prevail. Both the Federal and the New York State Courts are alert to imposture and public confusion in the area of trade mark infringement and unfair competition. They both have adequately policed the field and have successfully stifled untoward conduct characterized by the petitioner as *business immorality.* There is no real confusion either at the Federal or the New York State level. Some however are possessed of an inordinate desire to fit the opinion in one case as the inexorable rule to be applied to every facet of trade mark litigation without regard to factual differences present in all cases under review. Such an approach results in serious error because each Court opinion is disparate and peculiarly conditioned by its own facts and climate. This was more articulately expressed in *Magitex Co.* v. *Moore,* 154 Fed. 2d 177 (C. C. P. A. 1946), in this way:

> "In cases dealing with trade mark infringement and unfair competition, each case must be decided on its own distinctive facts, and except to the limited extent that the facts might be completely analogous, precedent is of little value."

and in *Radio Shack Corp.* v. *Radio Shack, Inc.,* 7 Cir. 180 F. 2d 200, as follows:

> "Generally speaking however it can be said that in all cases of unfair competition it is the principles of old-fashioned honesty which are controlling."

Respectfully submitted,

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